

# **EXHIBIT 2**

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## A Tangled Jeff Webb Weaves Cheerleading's Olympic Dreams

By Daniel Libit

SEPTEMBER 16, 2021

**O**n July 20, Jeff Webb appeared in the warm glow of network morning television, to bask in what he described as an achievement 15 years in the making: gaining official Olympic recognition for cheerleading.

“It’s been quite a journey,” Webb

told(<https://www.youtube.com/watch?v=5NHX2LgZBlk>) *Good Morning America*, following the news that the

**International Olympic Committee** (<https://www.sportico.com/t/international-olympic-committee/>)

had voted to fully recognize the International Cheer Union, for which he serves as president.

Webb explained that the **IOC**(<https://www.sportico.com/t/ioc/>)’s decision paved the way for competitive cheerleading to now seek inclusion in future Games. How soon? “L.A. has a nice ring to it,” Webb mused, referring to the 2028 Olympics. The more immediate impact is that it would open the door for the sport to receive government subsidies in many countries around the world, which, unlike the United States, publicly fund their Olympic programs.

As the founder of Varsity Spirit, the cornerstone of a multi-billion-dollar conglomerate, Webb is ever-mindful of cheerleading’s value. In an industry of small gyms and mom-and-pop operations, Webb exhibited a unique sense of corporate zeal, showing that there was much money to be made from what had long been regarded as a sideline activity.

Established in 1974 as the Universal Cheerleaders Association, Varsity Spirit forged a number of lucrative cheerleading-related revenue streams by hosting competitions, selling outfits and accessories, and operating training camps and clinics. An early triumph came in 1983, when Webb secured a deal with ESPN to broadcast Varsity’s national high school championships, a programming mainstay ever since.

After a series of mergers and acquisitions, and a brief stint as a publicly traded company in the early aughts, Varsity Brands, LLC—which, in addition to Varsity Spirit, came to include Herff Jones, the educational product maker, and athletic apparel company BSN SPORTS—was purchased by Bain Capital in 2018 in a private deal worth \$2.9 billion. While Webb declined to disclose his take when asked, insiders say it is safe to assume he has pocketed nine figures over the course of these transactions—allowing him to walk away from the company last year as a very rich man. And a polarizing one: In the competing views of his legacy, Webb is either a profiter or profiteer.

Now, Varsity's industry has been scandalized by allegations of cheerleading coaches sexually assaulting underage athletes and claims that the sport's governing bodies, because of their ties to Varsity, have failed to provide proper oversight. At the same time, a string of recent lawsuits have accused Webb's former company of operating as an illegal monopoly.

Webb, meanwhile, has also thrust himself into the political arena, on the theory that his business background can serve as a parable for reinvigorating America's middle class. But Webb's cheerleading critics instead see his corporate story as a tale of opportunism, exploitation and intimidation.

"I think the environment he created is evil," said Lisa Welsh, a former journalist who runs the popular cheerleading parents forum, CheerMAD. "When you think of the money grab, and the pedophilia and the manipulation and bullying that goes on in these children's lives, the environment is evil—and he created it."

Over the course of two on-the-record interviews with *Sportico*, Webb insisted he is completely divested of Varsity and sought to quell some of the perpetual criticisms that have surrounded him and his cheerleading empire. Chief among them is that he ever ruled as an emperor.

Webb's announced departure from Varsity on Dec. 9 came three months after *USA Today* implicated the company in a

**report****(**[\*\*https://www.usatoday.com/in-depth/news/investigations/2020/09/18/cheerleading-cheer-investigation-sexual-misconduct-sex-offender-banned-list/3377622001/\)\*\*](https://www.usatoday.com/in-depth/news/investigations/2020/09/18/cheerleading-cheer-investigation-sexual-misconduct-sex-offender-banned-list/3377622001/))

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detailing dozens of examples of known sex offenders being allowed, by the sport's putative governing bodies, to continue coaching kids.

Webb says that, as with any youth sport or activity, it is “incumbent upon the leaders to be forever vigilant as far as trying to protect the children.”

He then added, “This is a problem and issue for all sports, and cheerleading is no different.”

Webb insists that the decision to leave Varsity was his alone, and that he was not forced out over his political pursuits or because the company wanted to distance itself as

**public (<https://www.commercialappeal.com/in-scrutinydepth/news/2020/09/18/cheer-empire-profit-company-created-cheerleading-regulators-pays-salaries/3468551001/>)**

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began mounting last year. (The Varsity spokesperson referred back to the company’s December

**press (<https://www.varsity.com/about/press/varsity-spirit-founder-and-releasechairman-jeff-webb-transitions-to-focus-on-the-global-development-of-cheer/>)**

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, and Bain did not respond to requests for comment.)

“I had a very favorable liquidity event and was looking around with what I want to do with this phase of my life,” Webb explained.

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Despite the separation, it seems not all the cords have been cut: As of last week, Webb’s cell phone was still showing up as “Varsity Spirit” on caller ID—an oversight, he later explained.

Webb is also named, along with Bain, as a co-defendant in a federal class action antitrust lawsuit—one of a trio filed against Varsity since last year—which accuses the company of not only illegal price-fixing but racketeering. Late last month, a Tennessee federal court judge presiding over all three cases denied Varsity’s motion to dismiss

another of the lawsuits, against Varsity and the United States All-Star Federation (USASF), a Varsity-created governing body that splits revenue with the ICU.

“I would think that for the sake of preserving whatever integrity is left in the sport, when the courts get done with it, it was probably best that they all parted ways,” said Marlene Cota, Varsity’s former vice president of corporate alliances and business development.

However, Sheila Noone, who served as Varsity’s top PR person for over a decade, says the critics’ perception of Webb as an industry puppet master fails to capture the reality behind the scenes, especially in more recent times.

“As years went on and cheerleading was developing internationally, I think Jeff was more hands-off for the day-to-day business of cheerleading,” said Noone, who was laid off amid a round of COVID-related downsizing last spring. “But there was still a knee-jerk reaction to blame him for anything happening that was unpopular.”

According to Cota, Webb’s grip on Varsity’s wheel began to loosen after the company was acquired in 2014 by Charlesbank Capital Partners, a middle-market private equity firm. This move gave Varsity the infusion of cash that then fueled its merger with competitor JAM Brands and the acquisition of 12 independent event producers. Cota said the Charlesbank deal ramped up Varsity’s corporate metabolism and prioritization of “All-Star Cheer,” the now-popular form of club-based competition that has been central to many of the sport’s biggest controversies. Cota and Noone say Webb was never so keen about All-Stars.

“I won’t defend some of the decisions he made,” said Cota, who was forced out of Varsity in a 2018 reshuffling. “But he didn’t particularly enjoy or advocate for a lot of the things that went on in that activity.”

“Against my reputation as a visionary,” Webb said he was slow to recognize the profit potential of All-Stars, which “grew despite us not being involved.” Varsity eventually

<sup>6</sup>  
moved into the space, according to Webb, because of concerns with its lack of safety regulations. Critics, though, finger Varsity as a main reason why safer practices haven't been enforced.

"Many of the critics are people who are competitors of Varsity, and they are probably jealous," Webb said. "Has Varsity made mistakes? Of course. This was a company that started from zero. It started from my apartment with me and one other person. It grew to be a large organization."

In 2017, Adam Blumenfeld, who previously led BSN SPORTS, succeeded Webb as CEO of Varsity Brands. Webb says that, particularly post-Bain, he no longer was interested in manning the apex of the org chart.

"It was kind of 'been there, done that,'" he said.

Cota, who contends that Webb still coveted the top job, describes the dynamic between him and Blumenfeld as a "rivalry, and probably not a healthy one." Webb disputes that characterization, calling the relationship "cordial." (The Varsity spokesperson said: "Adam and Jeff have long enjoyed—and continue to enjoy—a cordial and constructive professional relationship.") In any case, Cota says Blumenfeld was better suited at playing the "Wall Street game."

"I have every opportunity to throw Jeff under the bus," Cota said, "but I think it is important for people to understand that while Jeff is a businessman, the real commoditization of the brand didn't happen until the [arrival] of Charlesbank and Adam Blumenfeld and BSN and Bain Capital."

Unlike Webb, Blumenfeld is not a defendant in any of the pending class-action suits.

In the December press release announcing his departure from Varsity, Webb said he planned to pursue some political projects as well. The very next day, Webb unveiled his new role as co-publisher of *Human Events*, the one-time conservative newspaper that

had more recently been resuscitated into a “

**feisty (<https://www.washingtonpost.com/opinions/2019/03/01/breitbart-maga-alum-resuscitate-human-events/>)**

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” website appealing to supporters of former President Donald Trump.

In January, Webb published his first book, *American Restoration: How to Unshackle the Great Middle Class*, in which he appears on the cover looking very much like a man laying the groundwork for a Congressional campaign—blue jeans, folded arms, rolled-up shirt sleeves, standing in the foreground of a dilapidated building. Although he has “no plans to run for office right now,” Webb says he would not rule out one day pursuing a Senate seat or the governor’s office in Tennessee, where Varsity’s headquarters are based.

Among Webb’s pet political causes these days is cracking down on corporate monopolies.

“In order to address the dangerous concentration of power that has been placed in the hands of large corporations in essential industries, the government is going to have to use the power of law,” Webb writes in *American Restoration*.

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Given their perceptions of Varsity, some critics have already

**deemed(<https://mattstoller.substack.com/p/this-is-not-a-democracy-its-a-cheerocracy>)**

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Webb a ridiculous antitrust advocate. But Webb flatly denies that Varsity is or ever was a monopoly, maintaining that multitudes of businesses have either competed with or usurped Varsity Brands in various cheerleading niches.

Moreover, he says the public’s interest is far better served by federal regulators taking on the giant corporations in sectors, such as communications or health care, that are core to human well-being. “Cheerleading would not qualify in that criteria,” Webb said.

CheerMAD's Welsh takes umbrage at this explanation, noting that Webb's wealth is a result of so many hundreds of thousands of Americans spending money as if cheerleading is essential.

"It is these kids' lives and, by that token, it is their families' lives," said Welsh.

Varsity's present squad of antitrust accusers, which include parents of cheerleaders and proprietors of All-Star gyms, allege that Varsity has been able to wield monopolistic power through its control over cheerleading's regulatory bodies, like the ICU. With the defendants having yet to substantively respond in court, Webb cautioned the public to "be a little skeptical" about the plaintiffs' motives. (A Varsity spokesperson called the lawsuits "completely unfounded.")

In 2007, Varsity established both the ICU and the USA Federation for Sport Cheering, or USA Cheer, and Webb has simultaneously served as president of both organizations in the past. In recent years, USA Cheer has been led by Bill Seely, who succeeded Webb as Varsity Spirit's president in 2017.

According to its most recent publicly available tax returns, from 2018, four ICU board members besides Webb were at the same time employed by Varsity Spirit. The tax filings show that almost all of the ICU's revenue (\$4.7 million in 2018) comes from hosting an annual "world cheerleading championship" in conjunction with the USASF, which is registered as a Tennessee public benefit corporation but not a federal, tax-exempt **nonprofit**(<https://www.sportico.com/t/nonprofit/>).

Concerns about Varsity's role in cheerleading's troubles have sporadically garnered attention over the past decade. Last month, *HBO Real Sports* **followed** (<https://www.hbo.com/real-sports-with-bryant-gumbel/all-up-episodes/august-2021>)

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on *USA Today*'s reporting by drawing a direct line between the mistreatment of young cheerleaders and the governing bodies' loyalty to Varsity. In 2010, Penn and Teller

dedicated an

**episode(<https://www.sho.com/penn-and-teller-bullshit/season/8/episode/1/cheerleaders>)**

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of their former Showtime series, *Bulls—t!*, to the rise of catastrophic injuries in cheerleading, ascribing the epidemic to USASF’s conflicts of interest with Varsity.

The next year, the ICU effectively acknowledged its own entanglements in the Varsity matrix, in a lawsuit the organization filed against Cheryl Hoffman. A gymnastics coach, Hoffman raised allegations about ICU in an email to SportAccord (currently known as the Global Association of International Sports Federations), a kind of clearinghouse for provisional Olympic sports.

In her message, Hoffman accused the ICU, an IRS

**501(c)(6) (<https://www.irs.gov/charities-non-profits/other-non-organization-profits/business-leagues>)**

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, of not being a “true non-profit,” and Varsity of being “a corrupt monopoly.” In response, the ICU sued Hoffman, and as part of a settlement, ICU attorneys insisted Hoffman agree that she would not falsely disparage it or “the ICU Entities,” which specifically included Varsity Brands and Webb.

“It just proves to the sports world that it is all controlled by one entity,” Hoffman recently told *Sportico*.

As of 2018, the ICU was engaged in a management agreement with Varsity Spirit, according to its tax filings for that year. The IOC didn’t respond to questions about the ICU’s Varsity connections and whether they factored into the application process.

That Webb now advocates for the inclusion of cheerleading as a competitive sport, in any forum, is its own source of controversy, based on his

past(<https://www.houstonpress.com/news/varsity-brands-owns-cheerleading-and-fights-to-keep-it-from-becoming-an-official-sport-7606297>)

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statements and actions.

In 2010, Webb

testified(<https://www.nhregister.com/news/article/Quinnipiac-trial-Legitimacy-of-cheerleading-as-11607966.php>)

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as an expert witness in a Title IX lawsuit filed against Quinnipiac University over the school's decision to cut its women's volleyball program while keeping its competitive cheerleading squad. The case turned on the philosophical question of whether cheerleading was a legitimate college sport.

Webb argued it wasn't, at one point comparing cheerleading to chess. Finding his testimony persuasive, the judge ultimately ruled against Quinnipiac. Years earlier, Varsity had acknowledged in an

SEC (<https://www.sec.gov/Archives/edgar/data/874786/0000889812-97-001661.txt>)

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that if competitive cheerleading ever fell under the jurisdiction of the NCAA, it could have a "materially adverse effect" on the company's business.

Webb asserts that there is nothing inconsistent between his

testimony(<https://www.clearinghouse.net/chDocs/public/ED-CT-0001-0028.pdf>)

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about cheerleading then and his current work advocating for it to be an Olympic sport.

"It is a different context," said Webb. "That case was about Title IX, and Title IX is not applicable in any other country except here."

Not everyone is buying this. On the day the IOC officially recognized the ICU, Mary Ann Powers, Quinnipiac's former competitive cheerleading and current acrobatics and

tumbling coach, sparred over Twitter with Justin Carrier, a longtime Varsity official (and USASF and USA Cheer board member) who posted: “He’s always referred to [All-Star] cheer as a sport. I’m grateful for Jeff’s work in getting all of us to today and this moment.”

“You don’t remember correctly,” Powers

**fired** ([https://twitter.com/mapowercoach/status/1417676805381754880?back\\_s=20](https://twitter.com/mapowercoach/status/1417676805381754880?back_s=20))

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. “Must be hard to keep track of the tangled Webb you weave.”

**Eben Novy-Williams** (<https://www.sportico.com/author/eben-novy-williams/>)

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*contributed to this report.*

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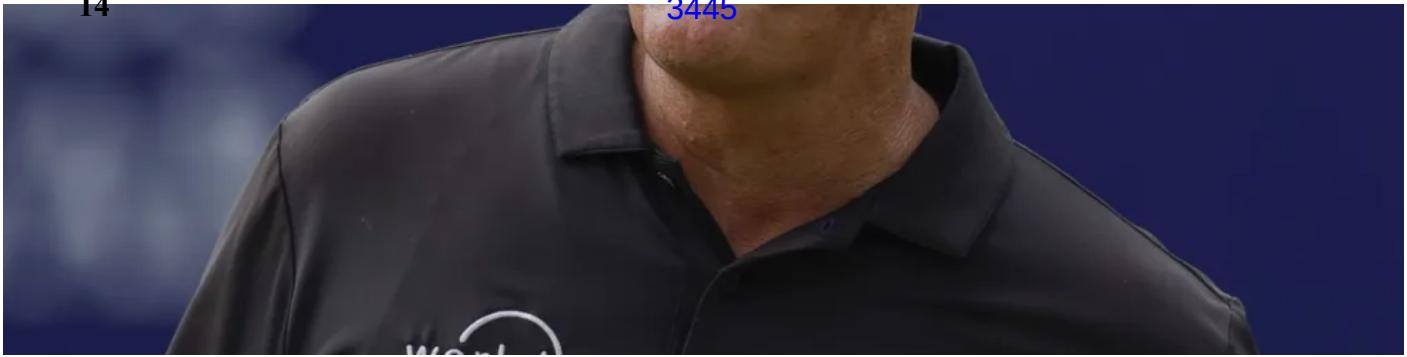


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